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CEREBRA MIDDLE EAST FZCO
DUBAI SILICON OASIS
UNITED ARAB EMIRATES

FINANCIAL STATEMENTS

MARCH 31, 2018

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS
CEREBRA MIDDLE EAST FZCO
DUBAI SILICON OASIS, DUBAI, UNITED ARAB EMIRATES

We have audited the accompanying financial statements of Cerebra Middle East FZCO, Dubai Silicon Oasis, Dubai, U.A.E, (the 'Company'), which comprise the statement of financial position as at March 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ethics Plus
Public Accountants
Dubai
May 24, 2018

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INPACT MEMBER

Cerebra Middle East FZCO, P.O Box: 341016
Dubai Silicon Oasis Authority, Dubai, U.A.E.
STATEMENT OF FINANCIAL POSITION
As at March 31, 2018

	Notes	31.03.18 AED	31.03.17 AED
ASSETS			
Current assets:			
Trade accounts receivables	5	30,973,993	20,099,869
Inventories	6	188,912	197,146
Prepayments, deposits and other receivables	7	2,383,885	139,036
Deposits with banks	8	455,884	335,276
Bank balance and cash	9	213,407	230,748
		34,216,081	21,002,075
Non-current assets:			
Property, plant and equipments (net)	10	69,203	77,803
		69,203	77,803
Total assets		34,285,284	21,079,878
Current liabilities:			
Current term portion of loans and borrowings	11	1,041,496	1,126,885
Trade accounts payables	12	4,596,505	5,932,996
Accruals and other payables	13	112,283	37,360
		5,750,284	7,097,241
Non- current liabilities:			
Medium term portion of loans and borrowings	11	491,495	427,636
		491,495	427,636
Total liabilities		6,241,779	7,524,877
NET ASSETS		**28,043,505**	**13,555,001**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	14	100,000	100,000
Retained earnings/ (accumulated deficit)		22,890,127	11,765,141
		22,990,127	11,865,141
Shareholders' current accounts	15	5,053,378	1,689,860
TOTAL EQUITY		**28,043,505**	**13,555,001**

We approve these financial statements and confirm that we are responsible for them, including selecting the accounting policies and making the judgment underlying them. We confirm that we have made available all the relevant accounting records and information for their compilation.

These financial statements were approved on May 24, 2018 and signed by:

....

Mr. Asit Ahuja Krishanlal Ahuja
Director

The attached notes 1 to 25 form part of these financial statements.

Cerebra Middle East FZCO, P.O Box: 341016
Dubai Silicon Oasis Authority, Dubai, U.A.E.
STATEMENT OF COMPREHENSIVE INCOME
Year ended March 31, 2018

	Notes	31.03.18 AED	31.03.17 AED
Sales		78,762,002	59,545,848
Cost of sales	16	(60,196,675)	(44,901,452)
Gross profit		18,565,327	14,644,396
Selling & general and administrative expenses	17	(6,953,581)	(7,588,540)
Depreciation		(16,224)	(12,345)
Finance charges		(480,842)	(687,007)
Profit / (loss) from operations		11,114,680	6,356,504
Other income	18	10,306	39,464
Net profit/ (loss) for the year		**11,124,986**	**6,395,968**

The attached notes 1 to 25 form part of these financial statements.

Cerebra Middle East FZCO, P.O Box: 341016
Dubai Silicon Oasis Authority, Dubai, U.A.E.
STATEMENT OF CASH FLOWS
Year ended March 31, 2018

	31.03.18 AED	31.03.17 AED
OPERATING ACTIVITIES		
Net profit / (loss) for the year	11,124,986	6,395,968
Adjustments for:		
Depreciation	16,224	12,345
Cash from (used in) operations before working capital changes	**11,141,210**	**6,408,313**
Trade accounts receivables	(10,874,124)	(5,978,789)
Inventory	8,234	43,554
Prepayments and other receivables	(2,244,849)	(50,795)
Deposit with banks	(120,608)	(43,943)
Trade accounts payables	(1,336,491)	1,934,107
Accruals and other payables	74,923	(69,899)
Net cash (used in) operating activities	**(3,351,705)**	**2,242,548**
INVESTING ACTIVITIES		
Purchase of property, plant and equipments	(7,624)	(10,610)
Net cash (used in) investing activities	**(7,624)**	**(10,610)**
FINANCING ACTIVITIES		
Shareholders' current accounts	3,363,518	(702,497)
Loans and borrowings	(21,530)	(1,381,777)
Net cash (used in) financing activities	**3,341,988**	**(2,084,274)**
Increase / (decrease) in cash and cash equivalents	(17,341)	147,664
Cash and cash equivalents at the beginning of the year	230,748	83,084
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**213,407**	**230,748**

The attached notes 1 to 25 form part of these financial statements.

Cerebra Middle East FZCO, P.O Box: 341016
Dubai Silicon Oasis Authority, Dubai, U.A.E.
STATEMENT OF CHANGES IN EQUITY
As at March 31, 2018

	Share capital	Retained earnings/ (accumulated deficit)	Shareholders' current accounts	Total equity
	AED	AED	AED	AED
As on April 01, 2016	100,000	5,369,173	2,392,357	7,861,530
Funds introduced / (withdrawn), net	-	-	(702,497)	(702,497)
Transfer from statement of comprehensive income	-	6,395,968	-	6,395,968
As at March 31, 2017	100,000	11,765,141	1,689,860	13,555,001
Funds introduced / (withdrawn), net	-	-	3,363,518	3,363,518
Transfer from statement of comprehensive income	-	11,124,986	-	11,124,986
As at March 31, 2018	**100,000**	**22,890,127**	**5,053,378**	**28,043,505**

The attached notes 1 to 25 form part of these financial statements.

1 STATUS AND ACTIVITIES

Cerebra Middle East FZCO, Dubai ("the Company") is a Free Trade Zone Company with limited liability registered with the Dubai Silicon Oasis Authority, Government of Dubai, U.A.E under license no. 473 issued on April 05, 2011.

The names of the shareholders and their shareholding are as follows;

Name of the shareholders	Nationality	No. of Shares	% share
Cerebra Integrated Technologies Limited	India	9	90%
Mr. Asit Ahuja Krishanlal Ahuja	India	1	10%

The company is engaged in the business of computer equipment & requisites trading and computer software trading.

2 GOING CONCERN ASSUMPTION

These financial statements are prepared on a going concern basis, which assumes that the company will continue to operate as a going concern for the foreseeable future.

3 APPLICATION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

The following standards and amendments to existing standards that are applicable to the Company have been published and are mandatory for accounting periods of the Company beginning on or after 1 January 2018, but which have not been adopted early by the Company:

a) IFRS 9, 'Financial Instruments' has an effective date for accounting periods beginning on or after 1 January 2018 now that it has been finalised. IFRS 9 outlines the recognition, measurement and derecognition of financial assets and financial liabilities, the impairment of financial assets and hedge accounting. Financial assets are to be measured at amortised cost, fair value through profit and loss or fair value through other comprehensive income, with an irrevocable option on initial recognition to recognise some equity financial assets at fair value through other comprehensive income. The impairment model in IFRS 9 moves to one that is based on expected credit losses rather than the IAS 39 incurred loss model. The derecognition principles of IAS 39, 'Financial Instrument: Recognition and Measurement' have been transferred to IFRS 9. The hedge accounting requirements have been liberalised from that allowed previously. The requirements are based on whether an economic hedge is in existence, with less restriction to prove whether a relationship will be effective than current requirements.

b) IFRS 15 'Revenue from Contracts with Customers' (effective from 1 January 2018) replaces IAS 18 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of goods or service transfers to a customer - so the notion of control replaces the existing notion of risk and rewards. The standard provides a single principle-based five-step model to be applied to all contracts with customers.

c) IFRS 16 'Leases' (effective from 1 January 2019) specifies how to recognise, measure, present and disclose leases. The standard replaces the existing lease classification model of operating and finance

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company (Contd.)

leases and provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has low value.

d) Other IFRS updates on standards not yet effective and have not been adopted early by the company:

- i IFRS 2: "Classification and Measuremnet of Share based Payment Transactions" (effective from 1 January 2018)
- ii Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective from 1 January 2018)
- iii Transfers of Investment Property (Amendments to IAS 40)-(effective from 1 January 2018)
- iv IFRS 17 Insurance Contracts (effective from 1 January 2021)

4 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements of the company has been prepared in accordance with the International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board and applicable requirements of Dubai Silicon Oasis Authority.

It should be noted that accounting estimates and assumptions are used in preparing the financial statements. Although the estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

The following accounting policies, which comply with IFRS, have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Accounting convention

The financial statements have been prepared under the historical cost convention. The accounting policies are consistent with those used in the previous year.

Accounting basis

The financial statements have been prepared under the accrual basis with the exception of staff end of service benefits, leave salary and air fare which are accounted for when paid.

Revenue recognition

Sales are recognised when the significant risks and rewards of ownership of goods have been passed to the buyer and the amount of revenue can be measured reliably.

Property, plant and equipments

Fixed assets are depreciated on cost using straight line method at rates calculated to depreciate the assets concerned over their estimated useful lives.

Accounts receivables

Accounts receivable balances are stated at original invoice amounts less a provision for any uncollectible amounts. An estimate of doubtful debts is made when collection of full amount is no longer probable. Bad debts are written off as incurred.

Valuation of inventory

Inventories are stated at lower of cost or net realizable value, cost being determined on average basis. Cost includes purchase cost and other expenses incurred in bringing the inventory to their present location.

Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprises of cash in hand, bank overdraft repayable on demand, bank current and call accounts, fixed deposits free from lien with original maturity date of three months or less from the date of deposit.

Impairment and collectability of financial assets

An assessment is made at each statement of financial position date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for difference between the recoverable amount and the carrying amount. Impairment losses are recognized in the statement of comprehensive income.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flow from the asset expires; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another company. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amounts, it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods or services, whether billed by the supplier or not.

Provision

A provision is recognized when the company has an obligation, legal or constructive, arising from past event, and cost to settle the obligation are both probable and able to be reliably measured.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or they expire.When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Foreign currencies

Transactions in foreign currencies, if any, are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of comprehensive income.

5 TRADE ACCOUNTS RECEIVABLES

	31.03.18 AED	31.03.17 AED
Trade debtors	30,973,993	20,099,869
	30,973,993	**20,099,869**
The ageing of trade debtors is as follows:		
Less than 3 months	22,989,940	15,433,388
3 to 6 months	4,438,950	2,476,003
6 to 12 months	212,284	149,117
Above 12 months	3,332,819	2,041,361
	30,973,993	**20,099,869**

6 INVENTORY

	31.03.18 AED	31.03.17 AED
Computer equipments and accessories	188,912	197,146
	188,912	**197,146**

7 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31.03.18 AED	31.03.17 AED
Prepaid expenses	9,403	12,099
Deposits	54,798	66,406
Staff advances	56,000	29,220
Advance to supplier	2,254,450	-
Other receivables	9,234	31,311
	2,383,885	**139,036**

8 DEPOSITS WITH BANKS

	31.03.18 AED	31.03.17 AED
Margin deposits with Rak Bank, Dubai	455,884	335,276
	455,884	**335,276**

Deposits are kept under lien for facilities availed from the banks.

9 BANK BALANCES AND CASH

	31.03.18 AED	31.03.17 AED
Cash in hand	15,435	17,082
Cash at bank in current accounts	197,972	213,666
	213,407	**230,748**

10 PROPERTY, PLANT AND EQUIPMENTS (NET)

Please refer annexure - 1 (Page - 14)

11 LOANS AND BORROWINGS

	31.03.18 AED	31.03.17 AED
Term loans		
Medium term maturity:		
First Gulf Bank, Dubai	266,571	161,959
Mashreq Bank, Dubai	-	265,677
Abu Dhabi Commercial Bank, Dubai	224,924	-
	491,495	**427,636**
Current maturity:		
Abu Dhabi Commercial Bank, Dubai	160,519	43,962
Emirates Money, Dubai	-	93,400
First Gulf Bank, Dubai	559,368	427,260
Mashreq Bank, Dubai	321,609	354,372
Noor Bank PJSC, Dubai	-	151,580
United Arab Bank, Dubai	-	56,311
	1,041,496	**1,126,885**

Term loans are secured by the following:

* Personal guarantee of Mr. Asit Ahuja, the Managing Director of the company.
* Undated security cheques favouring Abu Dhabi Commercial Bank, Dubai amounting to AED. 500,000/-.
* Undated security cheques favouring First Gulf Bank, Dubai amounting to AED. 1,200,000/-.
* Undated security cheques favouring Mashreq Bank PSC, Dubai amounting to AED. 1,470,488/-.

12 TRADE ACCOUNTS PAYABLES

	31.03.18 AED	31.03.17 AED
Trade creditors	4,596,505	5,932,996
	4,596,505	**5,932,996**
The ageing of trade creditors is as follows:		
Less than 3 months	2,724,602	3,931,440
3 to 6 months	686,681	155,151
6 to 12 months	937,446	-
More than 12 months	247,776	1,846,405
	4,596,505	**5,932,996**

13 ACCRUALS AND OTHER PAYABLES

	31.03.18 AED	31.03.17 AED
Accrued expenses	91,086	20,000
Other payables	21,197	17,360
	112,283	**37,360**

14 **SHARE CAPITAL**

Authorized, issued and fully paid up share capital of the company is AED. 100,000 divided into 10 shares of AED. 10,000/- each.

	31.03.18 AED	31.03.17 AED
Cerebra Integrated Technologies Limited, India	90,000	90,000
Mr. Asit Ahuja Krishanlal Ahuja	10,000	10,000
	100,000	**100,000**

15 **PARTNERS' CURRENT ACCOUNTS**

	31.03.18 AED	31.03.17 AED
Cerebra Integrated Technologies Limited, India	5,054,842	1,660,488
Mr. Asit Ahuja Krishanlal Ahuja	(1,464)	29,372
	5,053,378	**1,689,860**

16 **COST OF SALES**

	31.03.18 AED	31.03.17 AED
Materials consumed	60,196,675	44,896,868
Other direct expenses	-	4,584
	60,196,675	**44,901,452**

17 **SELLING & GENERAL AND ADMINISTRATIVE EXPENSES**

	31.03.18 AED	31.03.17 AED
Payroll and related expenses	2,300,062	1,749,727
Immigration and visa expenses	25,648	16,799
Rents paid	139,367	136,506
Postage, telephone & fax	97,649	87,370
License fees and other related expenses	9,140	12,000
Insurance expenses	101,927	79,477
Travelling expenses	106,308	17,938
Legal and professional charges	61,368	12,008
Discounts & commissions	3,810,065	5,235,319
Advertisement and business promotion expenses	155,020	79,616
Office supplies and printing charges	39,280	57,118
Bank charges	41,926	57,551
Others	65,821	47,111
	6,953,581	**7,588,540**

18 **OTHER INCOME**

	31.03.18 AED	31.03.17 AED
Miscellaneous income	10,306	39,464
	10,306	**39,464**

19 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

	31.03.18 AED	31.03.17 AED
Cheques discounted (RAK Bank, Dubai)	1,595,515	1,675,105
	1,595,515	**1,675,105**

20 RISK MANAGEMENT

Liquidity risk

The company limits its liquidity risk by ensuring that adequate funds are available.

Credit risk

The company seeks to limit its credit risk by setting limits for individual customers and monitoring outstanding receivable balances. As at March 31, 2018 top five trade receivable balances represent 55% (previous year: 73%) of the total trade receivable balances outstanding.

Country-wise concentration of trade receivable balances are as follows:

Country	31.03.18	31.03.17
U.A.E.	35.63%	88.77%
India	33.44%	-
Qatar	22.52%	7.43%
Others	8.41%	3.80%

Interest rate risk

The term deposits, banks and loans & borrowings with banks are at prevailing market rates. Other financial instruments and assets and liabilities of the company as at the statement of financial position date are not interest based.

Exchange rate risk

Exchange rate risk, if any, in respect of foreign currency exposure is closely monitored by the Management.

Supplier concentration risk

As March 31, 2018 top five trade payable balances represent 89.41% (previous year: top five 93%) of the total value of trade payable balances outstanding.

Country-wise concentration of trade payable balances are as follows:

Country	31.03.18	31.03.17
U.A.E.	53.75%	28.79%
Germany	5.16%	14.03%
India	0.23%	19.47%
Denmark	40.26%	37.71%
Others	0.60%	-

21 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets, financial liabilities and equity instruments. Financial assets consist of inventories, trade accounts receivable balances, prepayments & deposits, deposits with banks and bank balances and cash. Financial liabilities consist of accounts payable balances, loan and borrowings, accrued expenses and other payable balances.

The fair values of financial instruments are not materially different from their carrying values.

22 SIGNIFICANT EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There were no significant events occurring after the statement of financial position date which require disclosure in the financial statements.

23 NUMBER OF PERSONNEL

There were fourteen employees (previous year: fifteen) as at the date of the statement of financial position.

24 In the opinion of the management all the assets shown in the financial statements are existing and realisable at the amounts shown against them and there are no liabilities against the company, contingent or otherwise, not included in the above financial statements.

25 GENERAL

a) The comparative figures as at March 31, 2017 have been reclassified wherever necessary to conform with the presentation of the current year. Such reclassification do not affect previously reported net profit or shareholder's equity.

b) The figures in the financial statements are rounded to the nearest Dirham of United Arab Emirates.

ANNEXURE-1

10 PROPERTY, PLANT AND EQUIPMENTS (NET)

Fixed assets are stated at cost, less accumulated depreciation as follows:

	Office equipments AED	Furniture & fixtures AED	Total AED
Cost			
As at April 01, 2017	45,775	79,585	125,360
Additions	7,624	-	7,624
As at March 31, 2018	53,399	79,585	132,984
Depreciation			
As at April 01, 2017	19,626	27,931	47,557
Charge for the year	5,597	10,627	16,224
As at March 31, 2018	25,223	38,558	63,781
Net Book Value			
As at March 31, 2018	**28,176**	**41,027**	**69,203**
As at March 31, 2017	**26,149**	**51,654**	**77,803**